



MILITARY PAY ISSUES

“Financial Readiness Means Mission Readiness”



Military Compensation

- ▶ **Why is it important to know about military compensation?**
- ▶ **What are my benefits?**
- ▶ **Why should I care?**



Agenda

- ▶ **Leave and Earning Statement**
- ▶ **Pay, allowances, allotments, deductions**
- ▶ **Tax issues**



Agenda

- ▶ **Common pay problems**
- ▶ **Survivor benefits**
- ▶ **Other military benefits**



Leave & Earning Statement (LES)

- ▶ **A monthly statement of service member's master military pay account**
- ▶ **See Finance for questions/concerns**
- ▶ **Member is responsible for verifying the information**



Leave & Earning Statement (LES)

- ▶ Paid 1st and 15th of the month
 - ▶ Unless holiday/weekend, then duty day prior
- ▶ DFAS
 - ▶ 800-755-7413
 - ▶ www.dfas.mil
 - ▶ E/MSS great tool to use for copy of LES
 - ▶ www.dfas.mil/emss/



Leave & Earning Statement (LES)

- ▶ **Personal information**
- ▶ **Entitlements/deductions/allotments**
- ▶ **Leave summary**
- ▶ **Tax summary**
- ▶ **Pay data**
- ▶ **Thrift Savings Plan summary**
- ▶ **Remarks**



Military Pay

- ▶ **Base pay**
- ▶ **Special and Incentive pay**
- ▶ **Allowances**





Military Taxable Pay

- ▶ **Basic pay**
- ▶ **Flight pay**
- ▶ **Aviation career incentive pay**
- ▶ **Hazardous duty incentive pay**
- ▶ **Hostile fire/imminent danger/combat pay**



Military Taxable Pay

- ▶ **Special duty assignment pay**
- ▶ **Foreign language proficiency**
- ▶ **Certain places**
- ▶ **Nuclear pay**
- ▶ **Other specialty pay**

Are you getting what's coming to you?



Allowances

- ▶ Housing
- ▶ Living expense
- ▶ Moving or travel expenses

Usually not taxable - a great deal!



Basic Allowances for Housing

- ▶ **Varies by pay grade**
- ▶ **With/without family**
 - ▶ **Partial**
 - ▶ **Members married to members**
- ▶ **BAH - DIFF**
 - ▶ **Must prove support equal to BAH**



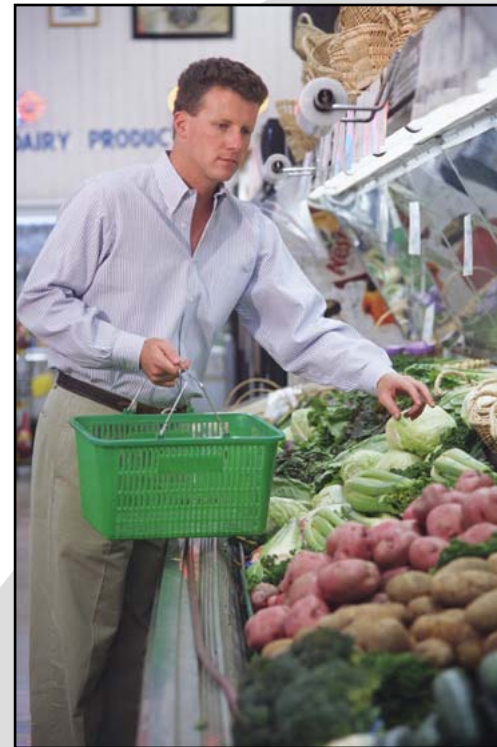
Housing

- ▶ **BAH**
- ▶ **COLA - CONUS, OCONUS**
- ▶ **Move-in Housing Allowance (MIHA)**
 - **OCONUS**
- ▶ **Overseas Housing Allowance (OHA)**



Living Expenses

- ▶ **BAS**
- ▶ **FSA**
- ▶ **CRA**





BAS

- ▶ **Enlisted**
 - ▶ **Essential Station Messing**
 - ▶ **Flat Monthly Rate**
 - ▶ **Automatic pay withdrawal for dining facility**
 - ▶ **Rations in kind not available**
- ▶ **Officers**
 - ▶ **Flat monthly rate**



Members with dependents

- ▶ **Type 1 (Living off base)**
 - ▶ Unaccompanied tour
 - ▶ All pay grades
 - ▶ Single BAH rates
- ▶ **Type 2 (Dependent restricted tour, TDY greater than 30 days)**
 - ▶ All pay grades \$100 per month



CRA

- ▶ **Enlisted only**
 - ▶ Based on pay grade
 - ▶ Years in service
 - ▶ Gender
 - ▶ Received annually
- ▶ **Officers**
 - ▶ Receive once upon commissioning
- ▶ **Maternity**



Travel

- ▶ **Mileage/
Transportation**
- ▶ **Per Diem**
- ▶ **Miscellaneous**





Moving

- ▶ **Personal goods shipment or DITY**
- ▶ **Temporary lodging**
- ▶ **Mileage**
 - ▶ **Per mile/number of dependents and vehicles**
- ▶ **Per Diem**
 - ▶ **Age of accompanying dependents, authorized travel time**



Moving/PCS

- ▶ **Temporary lodging expense (CONUS)**
 - ▶ Officers and enlisted with dependents
 - ▶ Reimbursement no greater than \$180 per day
 - ▶ Payable for 10 days to In CONUS
 - ▶ Payable for 5 days to Out CONUS
- ▶ **Temporary lodging allowance (OCONUS)**
 - ▶ Payable for up to 60 days



Moving/PCS

- ▶ **Dislocation allowance**
 - ▶ Based on pay grade - set rate
 - ▶ Members with dependents must relocate families
 - ▶ Unaccompanied - Claim without dependent rate (must live off base)
 - ▶ Must apply for DLA



Advance of Pays

- ▶ Advance base pay – up to 3 months with CC approval
- ▶ Advance BAH
 - ▶ Up to 3 months CONUS
 - ▶ Up to 12 months OCONUS
- ▶ Advances of pay must be repaid over a 12 month period
 - ▶ Can extend to 24 months with CC approval



TDY

- ▶ **Per Diem based on location, meal availability**
 - ▶ **Max rates for lodging, meals, incidentals at <http://www.dtic.mil/perdiem/pdrates.html>**
- ▶ **Travel by POV reimbursed at \$.365 per mile**



Allotments

- ▶ **Discretionary**
- ▶ **Non-discretionary**
- ▶ **A great money management tool**
 - ▶ **Save automatically**
 - ▶ **Pay bills automatically**
- ▶ **Paid only once per month, 1st paycheck**



Deductions

- ▶ **Taxes**
- ▶ **Insurance**
- ▶ **Garnishment**
- ▶ **Other pay withholding**





Taxes

- ▶ **Federal income tax**
- ▶ **State income tax**
- ▶ **FICA - Social Security**
- ▶ **FICA - Medicare**



Deductions

- ▶ **Insurance**
 - ▶ SGLI
 - ▶ Family SGLI
 - ▶ Dental
- ▶ **Garnishment**
 - ▶ Court ordered or involuntary
- ▶ **Other withholding**
 - ▶ Advance pay
 - ▶ GI Bill
 - ▶ Thrift Savings Plan (TSP)



Your Pay System

- ▶ **Direct Deposit (DDS)**
 - ▶ Your paycheck automatically deposited in your account
 - ▶ You need to know how to manage your account
- ▶ What to do when things in your life change



Military Tax Issues

- ▶ **Social security**
- ▶ **Federal income taxes**
 - ▶ Review LES and W-4
- ▶ **State income taxes**
 - ▶ Check state of residence
- ▶ **VITA**
 - ▶ Free tax preparation service



I've Got a Problem...

- ▶ **I'm not being paid**
- ▶ **Overpayments and underpayments**
- ▶ **Starting and stopping allotments**
- ▶ **Too many allotments**

... and more



I've Got a Solution...

- ▶ **Monitor LES**
- ▶ **Monitor allotments**
- ▶ **Use a budget**
- ▶ **Pay government credit cards**

... and more



Indebtedness

- ▶ **Options?**
 - ▶ **Extend repayment period**
 - ▶ **Make payment arrangement**
 - ▶ **Waiver of indebtedness, visit FSO**



Survivor Benefits

- ▶ **SGLI**
 - ▶ Up to \$250,000
 - ▶ Keep beneficiary current
- ▶ **FSGLI**
 - ▶ \$10,000 per child at no cost
 - ▶ Spousal coverage equal to or less than servicemember - Max. \$100,000
 - ▶ Spousal costs vary based on age and coverage amount



Thrift Savings Plan (TSP)

- ▶ Up to 7% of your base pay (2002), 8% in (2003)
- ▶ Special pays and bonus
- ▶ Maximum contribution of \$11,000 (2002) and \$12,000 (2003)
- ▶ Investing with pre-tax dollars



Survivor Benefit Plan (SBP)

- ▶ **A portion of your retirement pay**
- ▶ **There is a cost at retirement**
- ▶ **Provided at no cost while active duty**



Other Benefits

- ▶ **Death gratuity - \$6,000**
- ▶ **Burial**
- ▶ **Household goods move and label**
- ▶ **6 months BAH or in housing**
- ▶ **Accumulated leave paid**



Other Benefits

- ▶ **Social security**
- ▶ **DIC**
 - ▶ **\$935 spouse**
 - ▶ **\$235 child**
- ▶ **VA education**
 - ▶ **\$670/month for 45 months**





Benefits

- ▶ **Medical and dental**
- ▶ **Education and VA programs**
- ▶ **Leave**
 - ▶ **2.5 days/month**
 - ▶ **Accruing up to 60 days**
- ▶ **Retirement at 20 years or more**
 - ▶ **Generally 50% of base pay**
 - ▶ **Redux \$30,000 at 15 years + 40% of base pay**



What Was That Again?

- ▶ **Let's review**
 - ▶ **LES**
 - ▶ **Pay and compensation**
 - ▶ **Other benefits**
 - ▶ **Record keeping**
 - ▶ **Leave a paper trail, save your important documents**



Sources of Help

- ▶ Remember one of your biggest military benefits - the people there to help you
 - ▶ Your First Sergeant
 - ▶ Your Unit Financial Specialist
 - ▶ Your Family Support Center
 - ▶ Your Financial Services Office
 - ▶ Your Legal Office
 - ▶ Health Benefits Advisor
 - ▶ AFAS